

Message Text

CONFIDENTIAL

PAGE 01 BONN 10599 031533Z

64

ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 EA-13 NSC-07 NSCE-00 CIAE-00

INR-10 NSAE-00 RSC-01 EB-03 FRB-01 TRSE-00 DRC-01 L-02

CIEP-01 CEA-01 /065 W

----- 127111

R 031519Z JUL 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3605

C O N F I D E N T I A L BONN 10599

LIMDIS

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: POEHL ON INTERNATIONAL MONETARY MATTERS

1. DURING ONE OF OUR PERIODIC TOURS D'HORIZON ON JULY 3, FINANCE MINISTRY STATE SECRETARY POEHL TOLD ME THAT HE WAS RELATIVELY RELAXED AND OPTIMISTIC REGARDING INTERNATIONAL MONETARY MATTERS. HE FELT THAT AT LEAST IN THE SHORT RUN THE FINANCING OF FOREIGN EXCHANGE DEFICITS SHOULD NOT PROVE TO BE A MAJOR PROBLEM FOR EC COUNTRIES. FRANCE HAD ALREADY

FINANCED INTO PROSPECTIVE DEFICITS FOR THE REMAINDER OF THIS YEAR. THE UK SEEMED TO HAVE NO DIFFICULTY IN ATTRACTING FOREIGN FUNDS. EVEN ITALY WAS NOT LOSING FOREIGN EXCHANGE AT THE MOMENT AND ITS STABILITY PROGRAM, IF PROPERLY IMPLEMENTED, CONSTITUTED A STEP IN THE RIGHT DIRECTION.

2. ITALY UNDOUBTEDLY WOULD EVENTUALLY NEED BALANCE OF PAYMENTS ASSISTANCE, BUT THIS COULD BE PROVIDED
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 10599 031533Z

EITHER BILATERALLY AGAINST A PLEDGE OF ITALIAN GOLD

OR BY A MULTILATERAL LOAN IN WHICH IN ADDITION TO THE FRG THE US, JAPAN AND THE BENELUX COUNTRIES MIGHT PARTICIPATE. POEHL WAS HIGHLY CRITICAL OF THE EC COMMISSION'S PROPOSAL FOR A JOINT EC LOAN ON THE EURO-MARKET. HE FELT, AS EVERYTHING THE COMMISSION DID IN THIS FIELD, IT WAS SIMPLY A PLAN TO SPEND GERMAN MONEY. HE SAID AID TO ITALY EITHER SHOULD BE BILATERAL OR TRULY MULTILATERAL INCLUDING THE MAJOR NON-EC COUNTRIES.

3. IN RESPONSE TO MY QUESTIONS, POEHL CONCEDED THAT THE EURO-MARKETS WERE IN A PRECARIOUS STATE AND THAT A CRISIS OF CONFIDENCE COULD BE TRIGGERED BY SOME EVENTS. HE FELT, HOWEVER, THAT THE CENTRAL BANKS COULD AND WOULD HAVE TO DEAL WITH SUCH A CRISIS.

4. POEHL ALSO CONCEDED THAT THE LONGER RUN PROBLEM OF RECYCLING DID NOT LOOK AS FAVORABLE AS THE SHORT RUN. BUT HE WAS MORE INTERESTED IN FIRST GETTING THROUGH THE NEXT FEW MONTHS. HE FELT MAJOR TRADE RESTRICTIONS COULD BE AVOIDED. GERMAN EXPORTS PROBABLY WOULD DECLINE OVER THE NEXT FEW MONTHS. BUT THIS, TOO, WAS A HEALTHY THING IF THE TRANSITION COULD BE MADE GRADUALLY. IT WOULD PROBABLY CALL FOR SOME ACTION IN THE FALL TO STIMULATE GERMAN INTERNAL DEMAND.

HILLENBRAND

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, DEFICIT FINANCING, BALANCE OF PAYMENTS DEFICITS, FOREIGN EXCHANGE TRANSACTIONS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUL 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN10599
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740177-0550
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740778/aaaacpcp.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 08 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 MAY 2002 by boyleja>; APPROVED <20 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POEHL ON INTERNATIONAL MONETARY MATTERS
TAGS: EFIN, GE, IT, (POEHL)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005